

To the Members of the California State Senate:

I am returning Senate Bill 360 without my signature.

This bill is intended to prohibit unscrupulous operators from evading California laws governing finance lenders and pawnbrokers, by disguising their transactions as sale and leaseback transactions. Rather than regulating this type of transaction, this bill would ban this type of consumer loans and create a higher civil legal standard than other consumer lending laws. By banning such loans, this bill restricts a type of loans that are available to consumers with poor credit and who often have few other avenues for obtaining loans. This bill could hurt the very people it was designed to help.

In order to protect consumers, I am instructing the Department of Corporations to develop a proposal that ensures that consumers of "sale and leaseback" loans are afforded the same protections as offered by California's current lending laws on other loan types.

Sincerely,

Arnold Schwarzenegger